

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 12, 2003

IN RE:

**BELLSOUTH TELECOMMUNICATIONS, INC.
TARIFF TO INTRODUCE SWA PRICING
FLEXIBILITY – Tariff Number 2002256**

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**DOCKET NO.
02-01073**

ORDER APPROVING TARIFF

This matter came before Director Pat Miller, Director Sara Kyle and Director Ron Jones, of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 4, 2003, to consider the Revised Tariff and Second Revised Tariff to Introduce SWA Pricing Flexibility Tariff (Tariff No. 2003729) filed by BellSouth Telecommunications, Inc. (“BellSouth”) on July 16, 2003 and July 30, 2003, respectively. BellSouth withdrew Tariff No. 2002256, captioned above, on July 16, 2003, pursuant to a Settlement Agreement between the parties, and filed the substituted Tariff No. 2003729 in this docket.

Background

On September 20, 2002, BellSouth filed Tariff No. 2002256, with a proposed effective date of October 14, 2002. On October 7, 2002, AT&T Communications of the South Central States, Inc. and Birch Telecom, Inc. (collectively, the “CLEC Coalition”) filed a *Petition*, alleging that Tariff No. 2002256 violated Tenn. Code Ann. §§ 65-4-124

and 65-5-203(a). The CLEC Coalition requested that the Authority suspend the Tariff, convene a contested case and require BellSouth to prove that the Tariff is just and reasonable.

At a regularly scheduled Authority Conference held on October 7, 2002, the panel assigned to this docket unanimously voted to suspend Tariff No. 2002256 for thirty days to allow sufficient time for BellSouth to respond to the *Petition*. The panel determined to consider whether to convene a contested case to address the issues raised in the *Petition* at the next regularly scheduled Authority Conference. On October 9, 2002, the Consumer Advocate and Protection Division of the Office of the Attorney General and Reporter ("CAPD") moved to intervene in this docket. On October 14, 2002, BellSouth filed its *Answer to CLEC Coalition Petition to Suspend Tariff and to Convene a Contested Case Proceeding*. BellSouth denied each allegation in the *Petition* and opposed the CLEC Coalition's request to convene a contested case.

During the October 21, 2002 Authority Conference, the panel unanimously voted to convene a contested case and allow the CAPD to intervene. The panel also voted to suspend Tariff No. 2002256 for an additional ninety days. In addition, the panel appointed the General Counsel or his designee to act as Hearing Officer to prepare the case for a hearing on the merits. On January 30, 2003, the Hearing Officer issued a *Notice* establishing a procedural schedule in this docket for the conduct of discovery and the filing of testimony. After several joint requests of the CLEC Coalition and BellSouth to postpone the dates in the procedural schedule, the Hearing Officer continued indefinitely the procedural schedule to facilitate settlement negotiations.

On July 3, 2003, the CLEC Coalition and BellSouth filed a letter advising the Authority that the parties had reached an agreement resolving the matters at issue in this proceeding. Consistent with the parties' agreement, the CLEC Coalition requested that its *Petition* be withdrawn, and BellSouth withdrew its Tariff in its entirety and filed a revised tariff. On July 11, 2003, the Hearing Officer issued the *Initial Order Accepting Withdrawal of Petition*, finding that the interests of justice and administrative economy would be served by accepting the withdrawal of the *Petition*. The Hearing Officer's Initial Order became final fifteen days thereafter pursuant to Tenn. Code Ann. § 4-5-314.

BellSouth's Tariff Filing

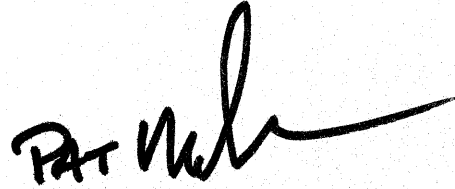
On July 16, 2003, BellSouth filed the Revised Tariff to Introduce SWA Pricing Flexibility, which was assigned Tariff No. 2003729. Its effective date was August 4, 2003. The purpose of the Tariff is to establish a volume and term discount plan for Switched Access ("SWA") service. SWA is used by interexchange carriers to complete long-distance calls to end-users that subscribe to BellSouth for local exchange service. This volume discount tariff is designed to encourage and retain usage of BellSouth's switched network. On July 30, 2003, BellSouth filed a Second Revised SWA Pricing Flexibility Tariff replacing portions of the Tariff and altering the termination provisions of Tariff No. 2003729.

Findings and Conclusions

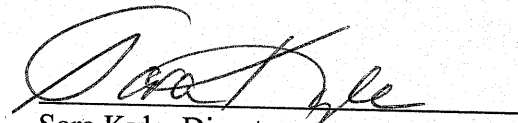
During the August 4, 2003 Authority Conference, the panel considered the Second Revised SWA Pricing Flexibility Tariff No. 2003729. After finding that the Tariff comported with the applicable legal requirements, the panel voted unanimously to approve Tariff No. 2003729.

IT IS THEREFORE ORDERED THAT:

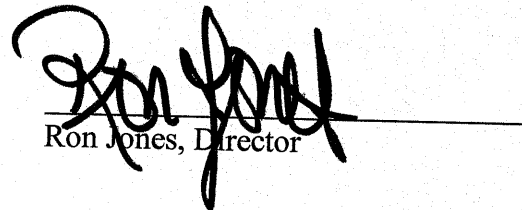
BellSouth Telecommunication Inc.'s Second Revised Tariff to Introduce SWA Pricing Flexibility (Tariff No. 2003729) filed on July 30, 2003 is approved.

A handwritten signature in black ink, appearing to read "Pat Miller", written over a horizontal line.

Pat Miller, Director

A handwritten signature in black ink, appearing to read "Sara Kyle", written over a horizontal line.

Sara Kyle, Director

A handwritten signature in black ink, appearing to read "Ron Jones", written over a horizontal line.

Ron Jones, Director